

Testimony of Tom Swan, Executive Director Connecticut Citizen Action Group (CCAG)

Before the Labor and Public Employees Committee

In support of HB 5591 AN ACT CREATING THE CONNECTICUT RETIREMENT SECURITY PROGRAM.

March 8, 2016

Senator Gomes, Representative Tercyak and other members of the Labor and Public Employees Committee, my name is Tom Swan and I am the Executive Director of the CT Citizen Action Group. I want to thank you for your continued leadership in protecting working families in Connecticut. On behalf of our member families I want to testify in support of HB 5591 AN ACT CREATING THE CONNECTICUT RETIREMENT SECURITY PROGRAM today.

This proposal represents how the legislature should work. A serious problem was identified – a lack of retirement security for hundreds of thousands of Connecticut residents, the Connecticut Retirement Security Board (CRSB) was formed with a diverse group of stakeholders to evaluate the feasibility of various options, and a proposal was brought back to you and that is what you have before you today.

Despite what the opponents of this law might say, this proposal will:

- Save the state money as people save for self-sufficiency in retirement and less on safety net programs.
- Not cost the state any money including startup costs as whoever is chosen to administer the plan must recoup the costs through fees.
- Ensure that the state does not incur any liability.

In preparing this testimony I decided to look at what some other organizations were saying. It probably does not surprise you to hear that I have concluded that CBIA does not let facts get in the way of their shilling for some of the greediest industries in Connecticut. However; I was literally shocked at how dishonest and desperate their smear campaign is when it comes to this legislation. I am linking a copy of a [page](#) on their web page about the proposal to be able to point out some of their outright falsehoods.

- First point on plan claims “employers would be forced to sell plan” – false – employers are required to offer a voluntary payroll deduction option for retirement accounts for their employees. It could be this plan or another of the employer’s choosing – there is no selling.
- A second claim is that the plan was projected to “hit taxpayers upwards of \$2 million for additional state employees and operations.” All startup costs are to be assumed by whoever is chosen to administer the program.
- Furthermore, they claim taxpayers will “be on the hook” if this plan fails. Again false.
- And they imply the fee for early withdrawal is unique to this retirement plan. How stupid do they think we are?

In closing I want to reiterate several points that have been made today and not just focus on the dishonesty of the opponents. These include:

- We face a retirement security crisis and the bill before you will provide businesses and workers more options. Studies have proven how much more likely people are to save if there is a payroll deduction. These savings will save the state money for generations.
- It will create a plug and play option for businesses that would reduce their administrative, financial, and legal burdens. This portability of this plan makes it good for businesses and workers.
- It can be done as a public private venture without any cost or exposure to the state.
- Businesses support the idea of having a state administered retirement savings plan with over 60% support in a survey of over 450 business owners of companies with between 5 and 50 employees.

Thank you.